



October 2002

SCHOOL FINANCE UPDATE

A Monthly Newsletter Published by the School Budgeting and Accounting Division

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Linda McCulloch, State Superintendent

HS Bus Ridership Count – Nov. 14-20

For routes having high school riders, the district must count riders each morning from November 14-20. High school riders must ride the bus at least one morning during the 5-day count period to be considered "eligible riders" for bus reimbursement rates. An optional OPI [TR-2 Bus Ridership Form](#) is available on the OPI website to help do the high school counts. MASBO provides a "fill-in" form on their website: <http://www.masbo.com/public.html>.

Be sure to maintain documentation of the count for the auditor. Without documentation of the count, the district is eligible only for the minimum reimbursement rate of \$0.85 per mile.

OPI Contact: Maxine Mougeot, (406) 444-3096 or mmougeot@state.mt.us.

In Case You Missed It.....

Budget Amendment Packet is Available

Contact: Nancy Hall, 444-9852, or nhall@state.mt.us.

Guaranteed Tax Base (GTB) Payment In November

The first half of GTB will be paid to districts' general funds on November 25. The second half will be paid in May 2003. School Block Grant Funding (70%) will also be paid in November, with the remaining 30% paid in May 2003. In the months when GTB is paid, direct state aid and state special education funding are not paid. OPI Contact: Bonnie Maze, (406) 444-3249 or bmaze@state.mt.us.

Accounting for "Transferability of Funds" Under No Child Left Behind Act

The recent "No Child Left Behind Act" provides limited transferability of funds under certain grant programs. Here's a summary and accounting procedures:

SUMMARY

"Transferability" is a new flexibility provision that allows school districts to use portions of certain federal grants for the types of costs allowable under certain other grants. The provisions are under Title VI, Part A, Subpart 2.

Federal programs from which funds may be transferred by an LEA are:

- Title II, Part A (Teacher Quality and Recruitment)
- Title II, Part D (Educational Technology)
- Title IV, Part A (SDFS)
- Title V, Part A (Innovative Programs)

Federal programs to which funds may be transferred are:

- Title I, Part A
- Title II, Part A (Teacher Quality and Recruitment)
- Title II, Part D (Educational Technology)
- Title IV, Part A (SDFS)
- Title V, Part A (Innovative Programs)

A school district may not transfer Title I, Part A funds to any other program. (continued on next page)

Grant Close-Outs Due Nov. 10 for OPI Grants that
Ended Sept 30!

(See OPI Grants handbook, section 100-5 for details.)

Any funds that are transferred are subject to the requirements of the program to which they are transferred.

LEAs intending to transfer funds must:

- At least 30 days prior to the transfer, notify OPI of its intent to transfer funds.
- Modify the district's plan (and programs) affected by the transfer and provide OPI with a copy of the modified plan within 30 days of the transfer of funds.
- If the transfer involves funds from a program that requires equitable participation of nonpublic schools, the district must consult with the non-public schools.

ACCOUNTING PROCEDURES

If your district is using the "transferability" provisions, please follow these accounting procedures:

1. Remember that "transferability" means that funds from a grant are USED as if they are funds for a different grant. However, cash stays in the original grant project.
2. Check with OPI program staff before you plan to use the transferability provisions. Understand the restrictions on the grant programs that allow transferability and the percentages of funds that can be used this way.
3. As an example, assume you are allowed to "transfer" 15% of a \$1000 Title IV Part A -Safe and Drug Free Schools (SDFS) money to Title II Part Teacher Quality and Recruitment (TQR).
 - a. Budget \$1000 for the SDFS grant. Budget 15% of it (\$150) to be spent for costs allowed under TQR.
 - b. Choose a project reporter code to use for the grant. (Example-001)
 - c. Request cash for the SDFS grant.
 - d. Record the receipt of cash using the revenue code and project reporter code for SDFS (4330-001).
 - e. Record payments using the expenditure program code for the grant under which you are spending the funds (either SDFS or TQR), and always use the SDFS project reporter code. For example, within the SDFS grant, use X15-433-2124-1XX-001 for salaries related to providing drug education under SDFS and X15-430-2210-

582-001 for in-service training related to the TQR grant. Both expenditures are recorded in the SDFS grant, indicated by the use of the 001 project reporter code.

- f. Report all expenditures on the close-out reports for the SDFS grant.

For a one-page example, look under the "Accounting" tab under School Finance on the OPI website:

<http://www.opi.state.mt.us/schoolfinance/acct.html>.

If you need further information on accounting for the transferability provisions, contact Jim Oberembt at (406) 444-1257 or joberembt@state.mt.us.

Bid Requirements – Q&A

Here are the most common questions asked about bid laws:

What types of school district projects/purchases must be bid out?

MCA 20-9-204 requires trustees to take bids whenever the estimated cost of any building, furnishing, repairing or other work for the district OR supplies purchased for the district exceeds the sum of \$25,000 (as of October 1, 2001 due to legislative change). If an emergency defined under 20-3-322(5) causes unforeseen needs of the district, trustees may avoid bid requirements. Routine maintenance or repair projects normally accomplished by district staff in their normal jobs are not required to be bid.

When should a school district have a written procurement policy?

Every district should have a written procurement policy. Federal grant regulations generally require a recipient of Federal grants to have a written procurement policy. Each school district that receives Federal and state grants administered by OPI must have procurement policies that meet standards listed in the OPI Grants Handbook, section 300-5.

What specific exemptions are there for items that don't have to be bid?

It is advisable to bid out all significant purchases of

goods or services. **However, the following items do not require bids:**

a) MCA 20-10-110 allows purchase of a school bus (i.e., yellow bus) without taking bids.

b) MCA 20-10-125 allows trustees to renegotiate a contract for bus services with the district's current bus contractor without taking bids as long as: 1) the new contract does not exceed the previous year contract's "basic costs" by more than 12%; and 2) the district publishes notice of the hearing in a newspaper of wide circulation within the district at least 1 week prior to the meeting (NOTE: This hearing would normally coincide with a regular board meeting). The new contract must be entered into during a public board meeting.

c) MCA 20-9-204 (HB304 in 1999 Session) exempts the following items from being bid out:
-- Registered professional engineers, surveyors, real estate appraisers, architects, physicians, dentists, pharmacists or other medical, dental, or health care providers, attorneys, consulting actuaries, licensed private investigators, claims adjusters, or licensed accountants.

Can a district split a project or purchase into smaller parts to avoid having to bid out the job or purchase?

No. MCA 20-9-205 prohibits splitting a job or purchase to circumvent the bid requirements.

What bidder preferences are required by law?

Although this list may not be all-inclusive, these laws require preference to certain types of bidders:

MCA 18-1-102 Preference to Montana contractors

18-1-112 Preference to Montana materials

18-2-403 Preference to Montana labor

Some Federal grant programs also provide for bidder preferences--Check grant regulations.

What are the advertising requirements?

MCA 20-9-204 requires that trustees must advertise for bids in the newspaper they feel will reach the largest number of people in the district. Advertisement must be once for each of 2 consecutive weeks. The second publication must be not more than 12 days and not less than 5 days before the board considers the bids. Failing to follow advertising requirements may cause the contract let to be void.

Does the contract have to be let to the lowest bidder?

The contract must be let to the lowest "responsible bidder," but trustees may reject any bid.

For additional information concerning bids, contact your county attorney.



School Finance Forms and Publications on Internet

Need an attendance agreement /tuition form? Transportation forms? Elections calendar?

General information about school budgeting and accounting? See the School Finance area of the OPI website for forms and publications at <http://www.opi.state.mt.us/schoolfinance/forms.html>
Let us know if you are looking for a particular form, and we'll do our best to provide it electronically!

Fill-In Forms Provided by MASBO

Thanks to Roger Heimbegner, Business Manager at Laurel Schools (and ASBO Pinnacle Award Winner for 2001), several forms are now available as pdf fill-in forms. The fill-in forms are available on the MASBO website at <http://www.masbo.com/public.html>. Thanks. Roger!

Electronic Calendar

The new School Finance Calendar is available on the OPI Website at www.opi.state.mt.us (click on the Calendars tab. This calendar is in a printable format by day, week or month. If you need assistance viewing or printing the calendar, please contact Nica Carte at 444-4401 or email ncarte@state.mt.us.

Questions or comments? Contact Joan Anderson at (406) 444-1960 or janderson@state.mt.us.